

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

| | | |
|---------------------------------|---|------------------|
| In the Matter of the Protest of |) | |
| |) | DOCKET NO. 16464 |
| [REDACTED], |) | |
| |) | DECISION |
| Petitioner. |) | |
| _____ |) | |

On March 18, 2002, the Tax Discovery Bureau (TDB) of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayer), proposing income tax, penalty, and interest for taxable years 1996 and 1997 in the total amount of \$22,428.

The taxpayer filed a timely appeal. He was unable to appear at a hearing but submitted a statement to be read and considered by the Tax Commission. The Tax Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

[Redacted]. [Redacted]. [Redacted].

TDB conducted research to verify the taxpayer's residency and filing requirement. The taxpayer's residency was confirmed and Idaho source income was identified for each year.

Idaho Code § 63-3045 (1)(a) states:

63-3045. Notice of redetermination or deficiency -- Interest.

(1) (a) If, in the case of any taxpayer, the state tax commission determines that there is a deficiency in respect of the tax imposed by this title, the state tax commission shall, immediately upon discovery thereof, send notice of such deficiency to the taxpayer by registered or certified mail or by other commercial delivery service providing proof of delivery, whichever is the most cost efficient. The notice shall be sent to the taxpayer's last address known to the state tax commission. The notice of deficiency shall be accompanied by an explanation of the specific reason for the determination and an explanation of the taxpayer's right to appeal. Within sixty-three (63) days after such notice is mailed, the taxpayer may, at his option, file a protest in writing with the state tax commission and obtain redetermination of the deficiency.

TDB issued a Notice of Deficiency Determination [Redacted]. In response to the deficiency notice, the taxpayer sent a letter of appeal. He said he was presently incarcerated in a federal prison out of state. He said he is not scheduled for release for several years. He asked to have the tax amounts “frozen” and all penalty and interest removed from the determination. The file was transferred to the Legal/Tax Policy Division for administrative review.

In response to a letter advising him of his appeal rights, the taxpayer sent an additional letter. In that letter he said he had been moved to solitary confinement so even a telephone conference was out of the question. He again asked to have all penalty and interest waived and the tax amounts held at the amounts shown in the notice.

The taxpayer said during the two years at issue he employed two full-time men in his logging operation. He said he paid both state and federal unemployment for his two employees. He suggested maybe his bank would have some records that could be used to substantiate amounts for deductions. He said he would make arrangements for payments on only the tax amount when he is released from prison.

Idaho Code § 63-3002 explains the legislative intent behind the Idaho income tax act:

63-3002. Declaration of intent. It is the intent of the legislature by the adoption of this act, insofar as possible to make the provisions of the Idaho act identical to the provisions of the Federal Internal Revenue Code relating to the measurement of taxable income, to the end that the taxable income reported each taxable year by a taxpayer to the internal revenue service shall be the identical sum reported to this state, subject only to modifications contained in the Idaho law; to achieve this result by the application of the various provisions of the Federal Internal Revenue Code relating to the definition of income, exceptions therefrom, deductions (personal and otherwise), accounting methods, taxation of trusts, estates, partnerships and corporations, basis and other pertinent provisions to gross income as defined therein, resulting in an amount called "taxable income" in the Internal Revenue Code, and then to impose the provisions of this act thereon to derive a sum called "Idaho taxable income"; to impose a tax on residents of this state measured

by Idaho taxable income wherever derived and on the Idaho taxable income of nonresidents which is the result of activity within or derived from sources within this state. All of the foregoing is subject to modifications in Idaho law including, without limitation, modifications applicable to unitary groups of corporations, which include corporations incorporated outside the United States.

The taxpayer met the requirements for filing Idaho income tax returns for 1996 and 1997. Yet, he has not filed an Idaho return for either year. The taxpayer has submitted nothing that would justify altering TDB's determination of Idaho income tax, penalty, and interest, which was [Redacted] available information related to the taxpayer's logging operation.

A Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be accurate. Parsons v. Idaho State Tax Com'n, 110 Idaho 572 (Ct. App. 1986). Having presented no information in support of his argument, the taxpayer has failed to meet his burden of proving error on the part of the deficiency determination. Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810 (1984).

WHEREFORE, the Notice of Deficiency Determination dated March 18, 2002, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayer pay the following tax, penalty, and interest.

| <u>YEAR</u> | <u>TAX</u> | <u>PENALTY</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|-------------|------------|----------------|-----------------|------------------------|
| 1996 | \$12,483 | \$3,121 | \$5,215 | \$20,819 |
| 1997 | 1,144 | 286 | 378 | <u>1,808</u> |
| | | | TOTAL DUE | <u><u>\$22,627</u></u> |

Interest is computed through August 15, 2002.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of taxpayer's right to appeal this decision is enclosed with this decision.

DATED this ____ day of _____, 2002.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that I have on this _____ day of _____, 2002, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

ADMINISTRATIVE ASSISTANT 1